

INCOME OF THE AGED CHARTBOOK 1992



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Since 1941, the Social Security Administration (SSA) has periodically surveyed the aged to determine their economic status. The first national survey was conducted in 1963. In 1976, the Office of Research and Statistics (ORS) began compiling a biennial series of reports on the income of the aged based on data collected by the Bureau of the Census in its Current Population Survey. These reports are published under the title "*Income of the Population Aged 55 or Older*." The most recent edition contains 1992 data, and is the source, along with special tabulations, for this chartbook.

The unit of analysis here is the "aged unit" and not the household, the family, or unrelated individuals, as are used by the Bureau of the Census. The aged unit is either a married couple living together with the husband or wife aged 65 or older (generally measured by the age of the husband), or a person 65 or older who does not live with a spouse.

The 1992 sample represented 9,595,000 couples and 13,983,000 single units aged 65 or older. The single person unit may be a widow(er), a divorced or separated person, a legally married person who does not live with a spouse, or a person who never married. This unit of analysis allows one to measure the economic status of the entire noninstitutionalized aged population separately from that of the family or household in which the unit may live.

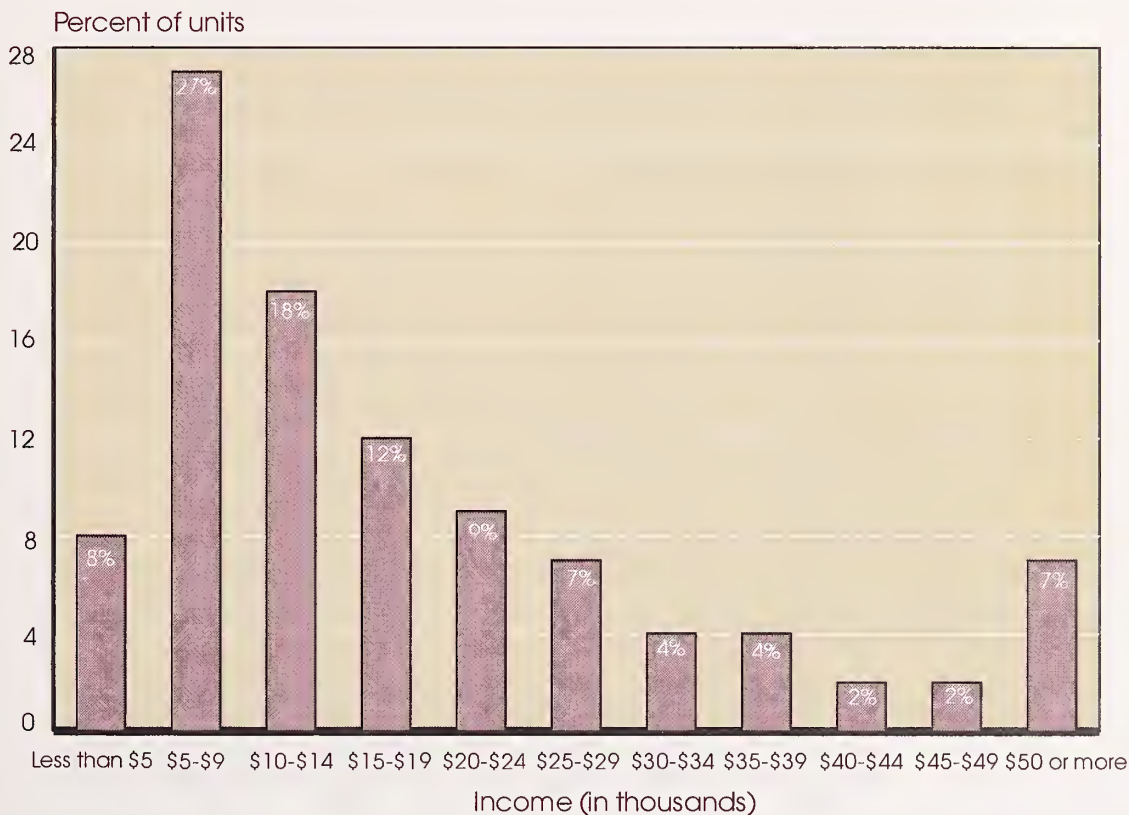
This chartbook was compiled by Sally R. Sherman of ORS's Division of Program Analysis. Editing and graphics were done in the ORS Publications Staff: Marian E. Wilson, editor, and Emil L. Loomis, designer. For additional copies of this publication, please call the Publications Staff—202-282-7138. For questions related to the content of the charts, please call Susan Grad—202-282-7094.

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for Research and Statistics

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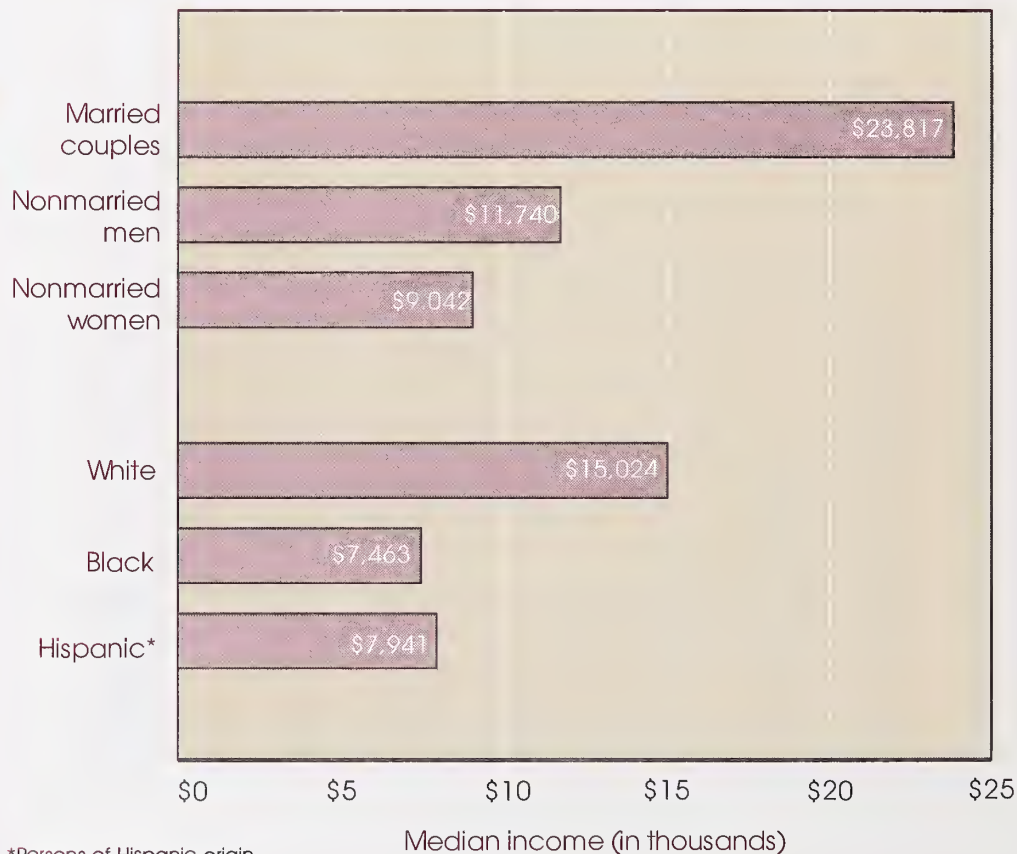
The aged are an economically diverse group

Median income for all aged units is \$13,959, but there are wide differences within the total group. About 15% have an income of under \$6,000 (an income level that is about 10% below the 1992 poverty threshold of \$6,729 for one person aged 65 or older), and 7% have an income of \$50,000 or more.



Demographic differences are associated with different levels of income

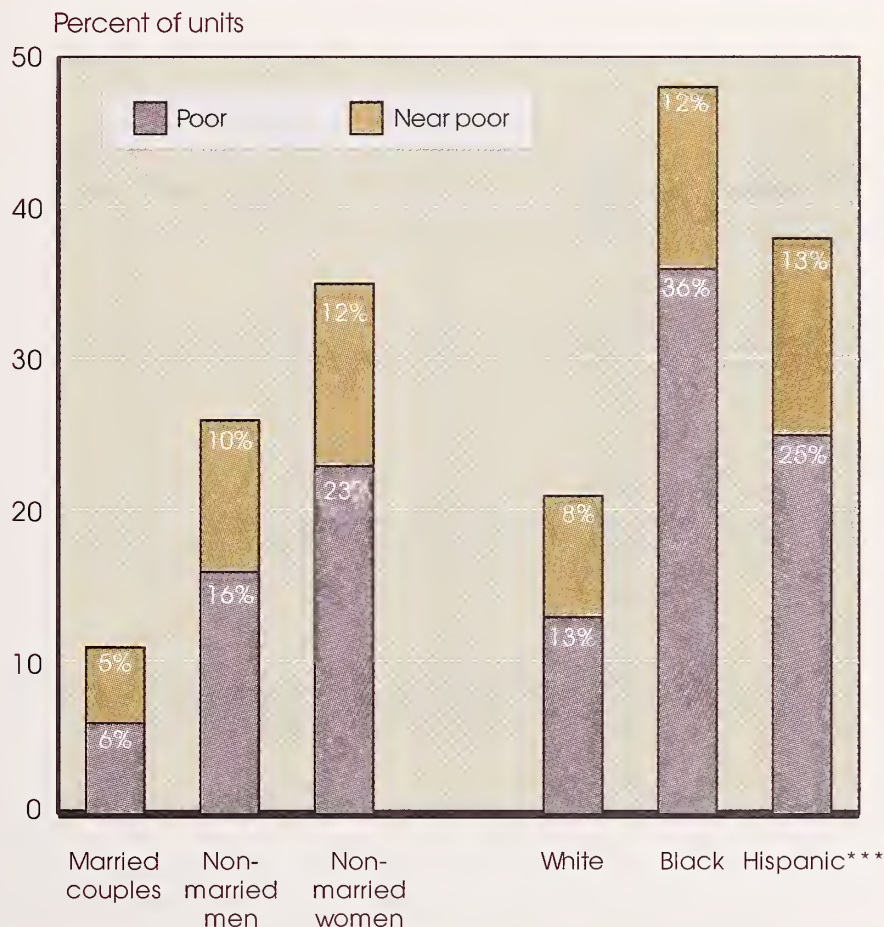
Income is highest for married couples—with a median income more than twice that of nonmarried men and more than 2-1/2 times that of nonmarried women. Whites have a median income approximately twice as great as Hispanics or blacks.



*Persons of Hispanic origin may be of any race.

Nonmarried and minority aged have high proportions who are poor or near poor

The variations in income by marital status and by race are reflected in the poverty rates* for these subgroups of the aged. Nonmarried men, nonmarried women, and minorities have the highest poverty rates, ranging from 16% to 36%. When the near poor** are included, the rates for the nonmarried and nonwhites range from 26% to 48%.



* Based on family income rather than aged unit income to conform with official measures of poverty.

** The near poor are defined as having income between the poverty line and 125% of the poverty line.

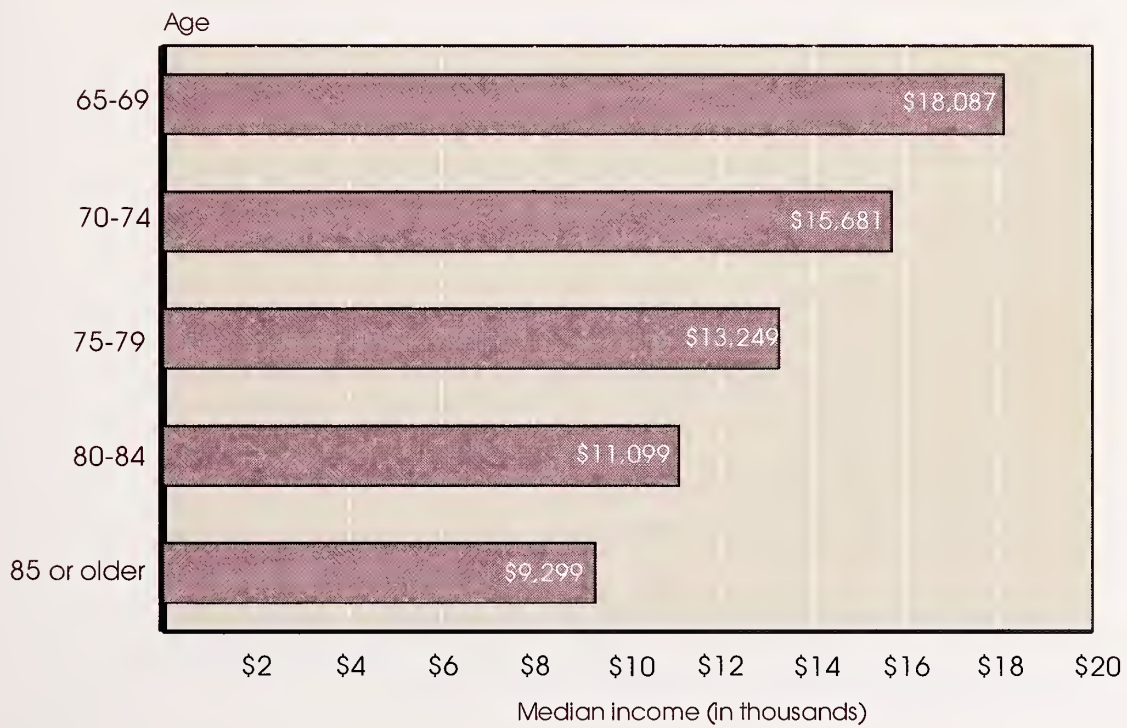
*** Persons of Hispanic origin may be of any race.

Income differences by age are due in part to marital status differences

In almost every successively older age group, median income is lower. The striking differences by age shown in the chart are in part due to the disproportionate number of nonmarried women in older age groups. The table shows that in every age group, nonmarried women have a lower median income than nonmarried men or married couples. It also shows that nonmarried women far outnumber the others in the older age groups.

Median income and percent of units, by age, sex, and marital status

Sex and marital status	65-69	70-74	75-79	80-84	85 or older
Median income					
Married couples	\$26,873	\$23,655	\$22,428	\$19,269	\$18,347
Nonmarried men	12,727	11,787	12,361	11,435	10,126
Nonmarried women ...	10,788	9,426	9,026	8,306	7,741
Percent of units					
Total number (in thousands)	6,746	6,282	4,767	3,375	2,409
Total percent	100	100	100	100	100
Married couples	50	47	38	30	18
Nonmarried men	14	13	13	14	15
Nonmarried women ...	35	40	49	56	67



The oldest age group has the highest poverty rate

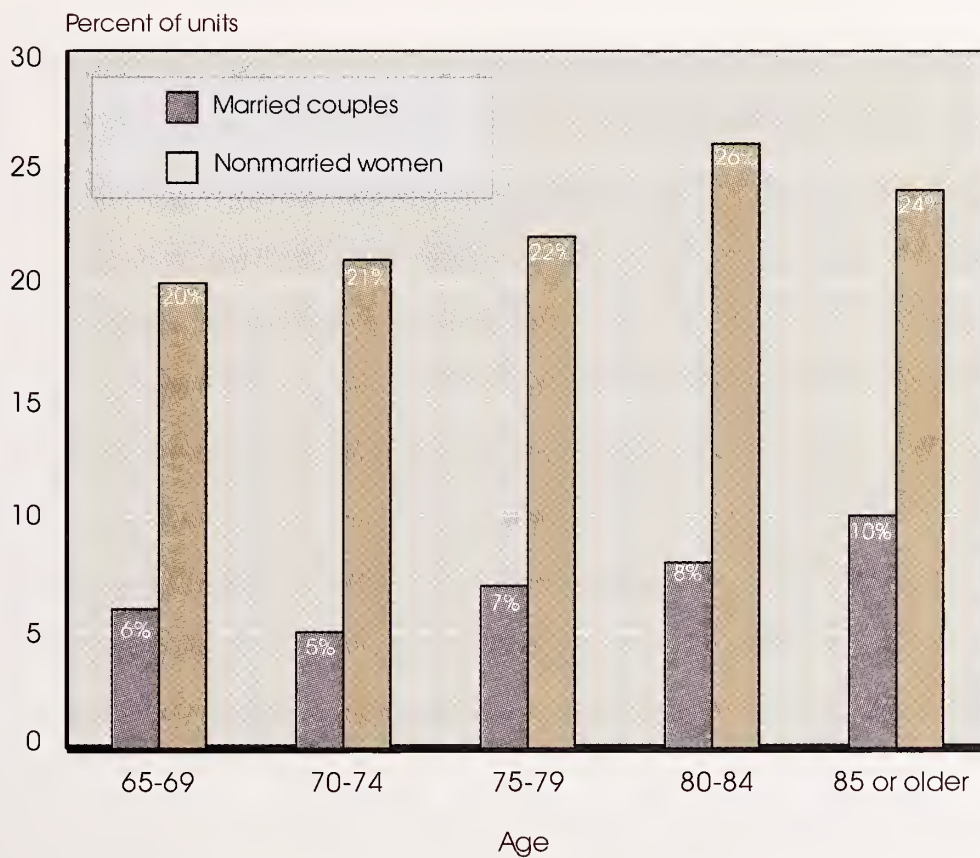
In addition to the lower median income of older age groups, poverty rates are often higher for those who are older. As with income, the large proportion of nonmarried women in the older age groups contributes to the difference in poverty rates by age. The table shows that nonmarried women are more likely than married couples to be poor or near poor in every age group.

Poverty status,* by age, sex, and marital status

Age	Married couples	Nonmarried men	Nonmarried women
Percent poor			
65-69	6	19	20
70-74	5	13	21
75-79	7	15	22
80-84	8	17	26
85 or older	10	17	24
Percent poor or near poor**			
65-69	10	27	29
70-74	10	23	33
75-79	11	26	34
80-84	13	26	39
85 or older	15	28	41

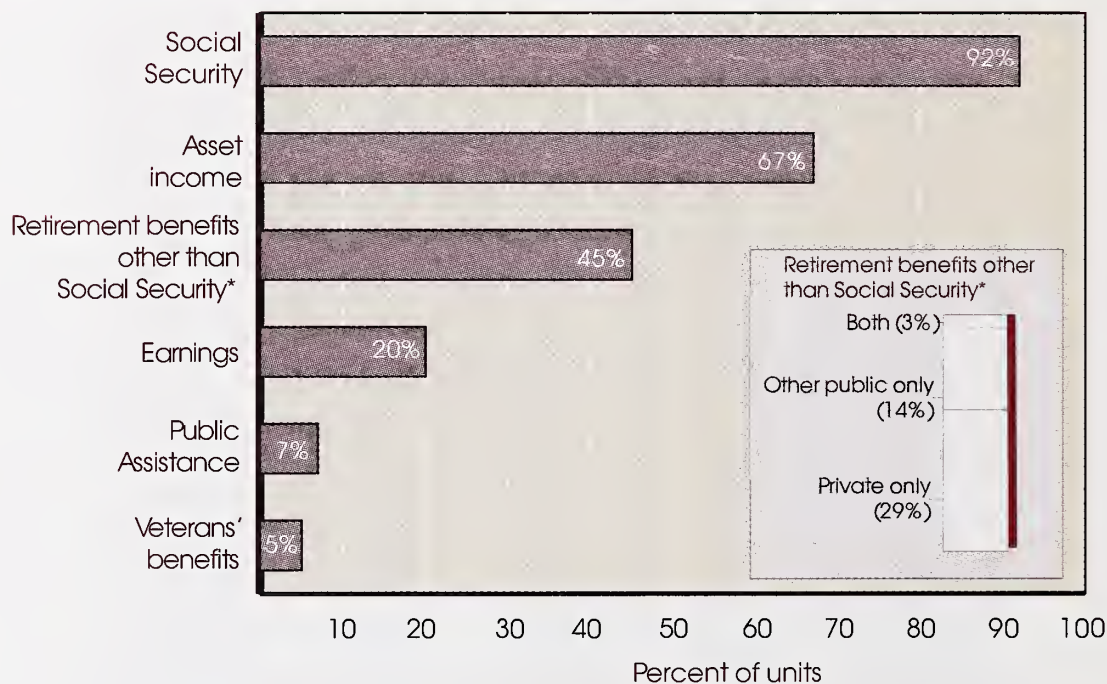
* Based on family income rather than aged unit income to conform with official measures of poverty.

**The near poor are defined as having income between the poverty line and 125% of the poverty line.



Social Security is a source of income for nearly all the aged

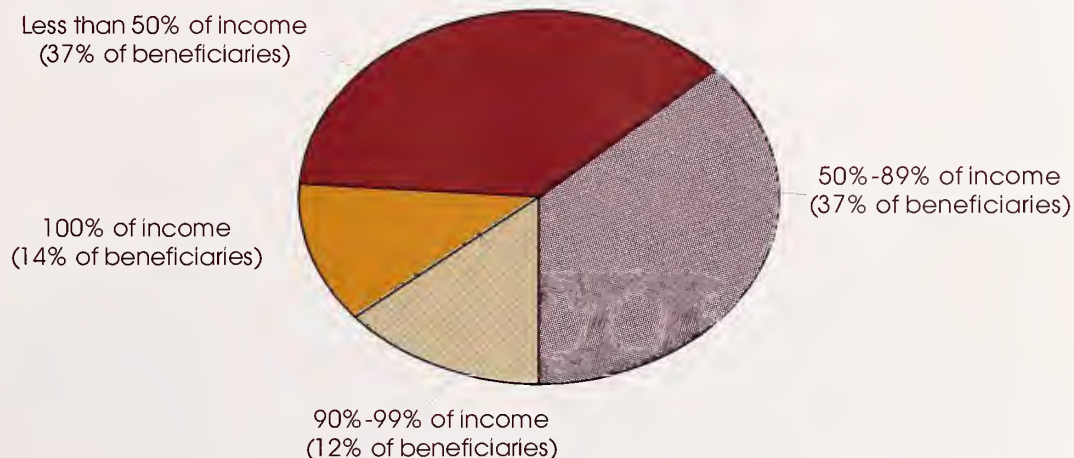
More than 9 out of 10 aged units receive Social Security benefits. Asset income is the next most common source of income and it is received by two-thirds of the aged. Less than half (45%) receive pensions other than Social Security, and only 20% have earnings. Public assistance is received by 7% and veterans' benefits are received by only 5%.



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401 (k) payments.

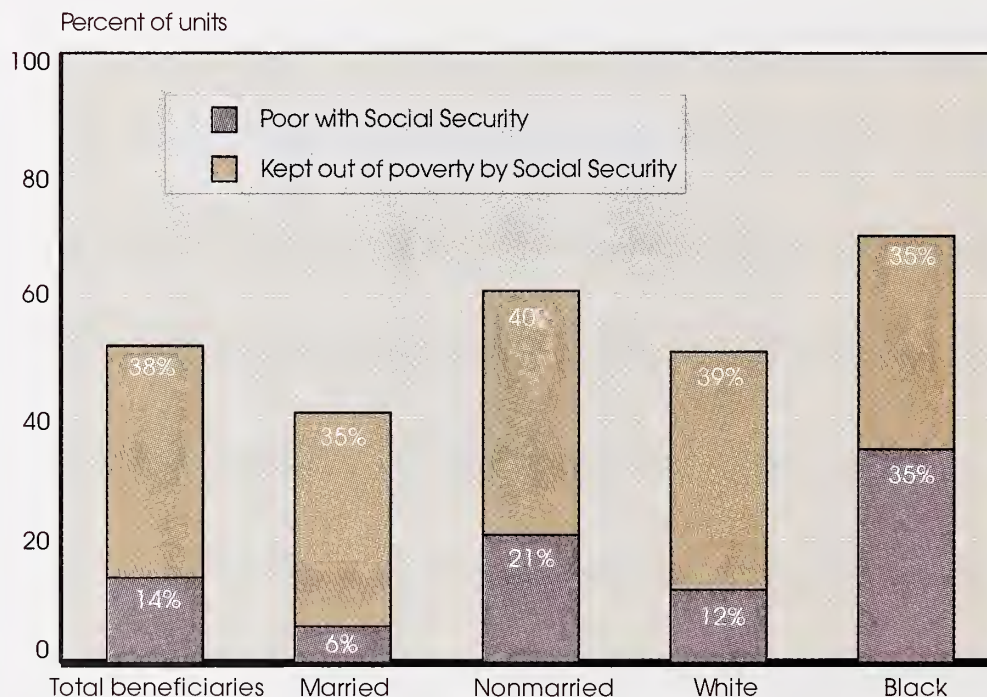
Social Security provides at least half of total income for a majority of beneficiaries

Social Security pays benefits to more than 90% of those aged 65 or older. It is the major source of income (providing 50% or more of total income) for 63% of the beneficiaries. It contributes 90% or more of income for about one-fourth of the beneficiaries, and is the only source of income for 14% of them.



Social Security plays a pivotal role in reducing poverty

Although there are aged beneficiaries with family income below the poverty line,* the poverty rate would be much higher if they did not have their Social Security benefits. Fourteen percent of the aged are poor, and 38% are kept out of poverty by their Social Security benefits—so that the total poverty rate without Social Security would be almost 53%. Although poverty rates vary considerably by marital status and race, the proportion kept out of poverty by their Social Security benefits is more than one-third for all groups.



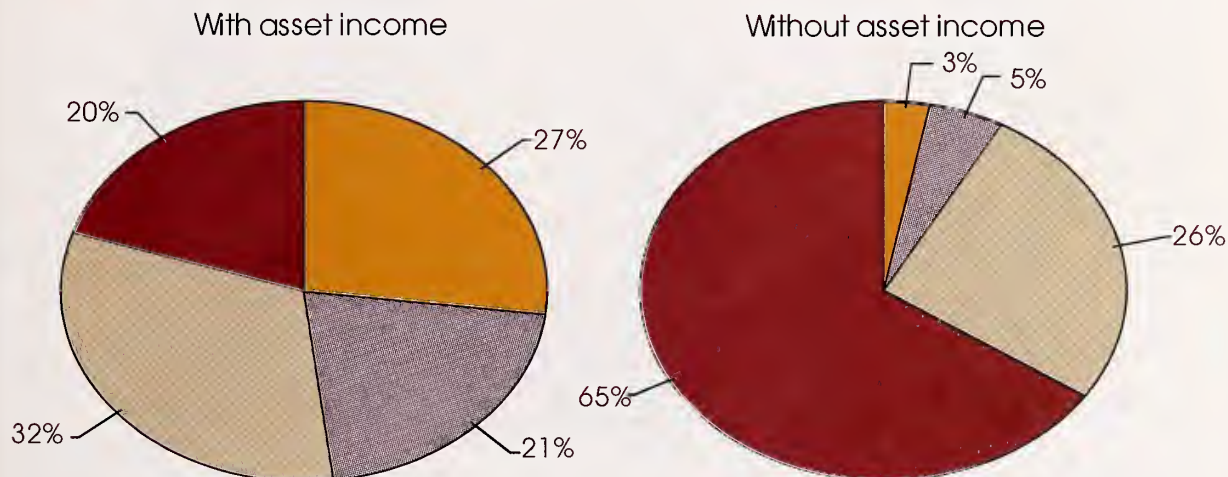
*Based on family income rather than aged unit income to conform with official measures of poverty.

Receipt of asset income is associated with relatively high median income

The median income of those with asset income is more than 2-1/2 times as large as the median income of those with no asset income (\$19,125, compared with \$7,727). Aged units with no asset income are concentrated in the lowest income categories—nearly two-thirds have a total income below \$10,000 and only 3% have an income of \$30,000 or more. Among aged units with asset income, 80% have a total income of at least \$10,000. About 27% have an income of \$30,000 or more.

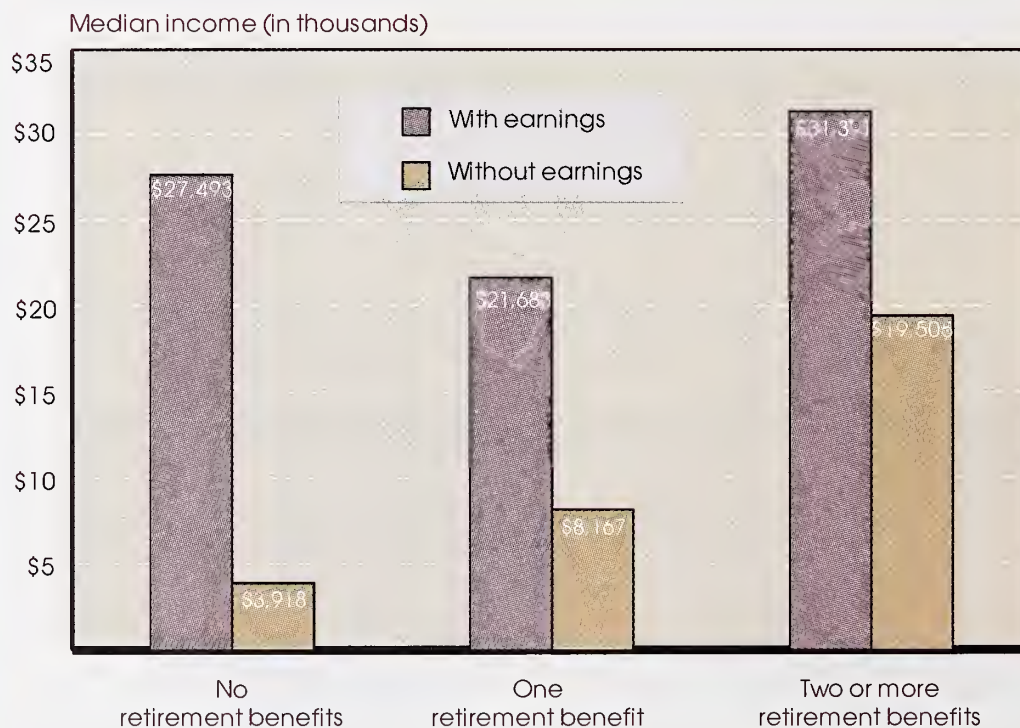
Size of total income
(in thousands)

- Less than \$10
- \$10-\$19
- \$20-\$29
- \$30 or more



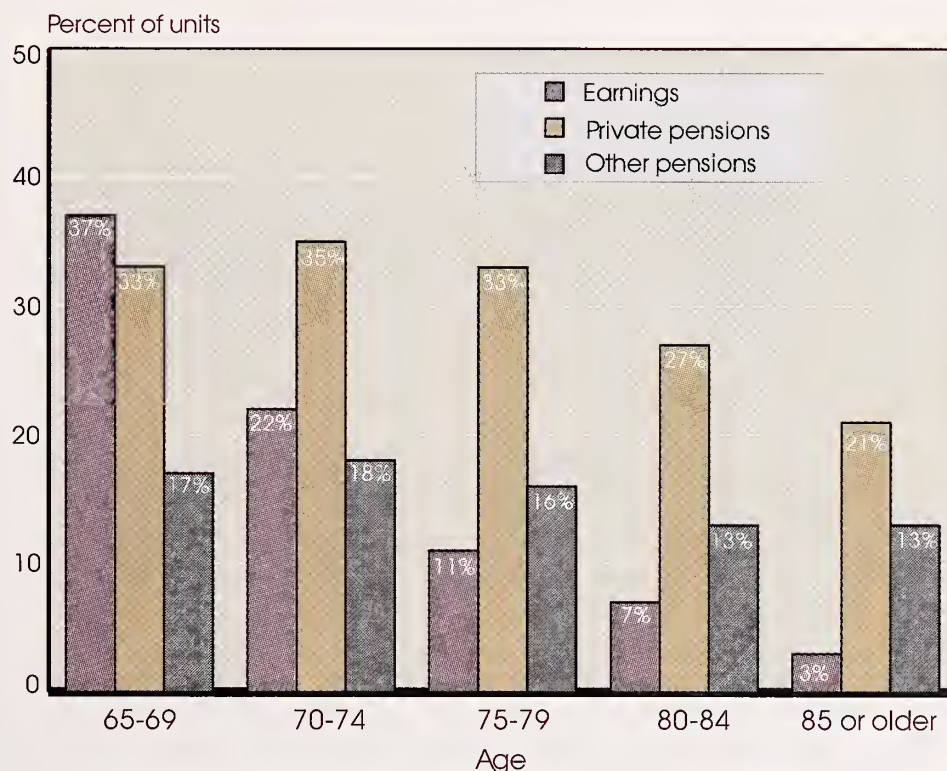
Receipt of earnings and retirement benefits also affects income size

About 5% of aged units have no retirement benefits; of these, 46% have earnings and a high median income (\$27,493), and 54% have no earnings and the lowest median income (\$3,918). In the absence of earnings, median income rises markedly with the number of retirement benefits received, from \$8,167 with one retirement benefit to \$19,505 with two or more retirement benefits. For units with both earnings and retirement benefits, median incomes are \$21,683 for those with one retirement benefit and \$31,391 for those with more than one.



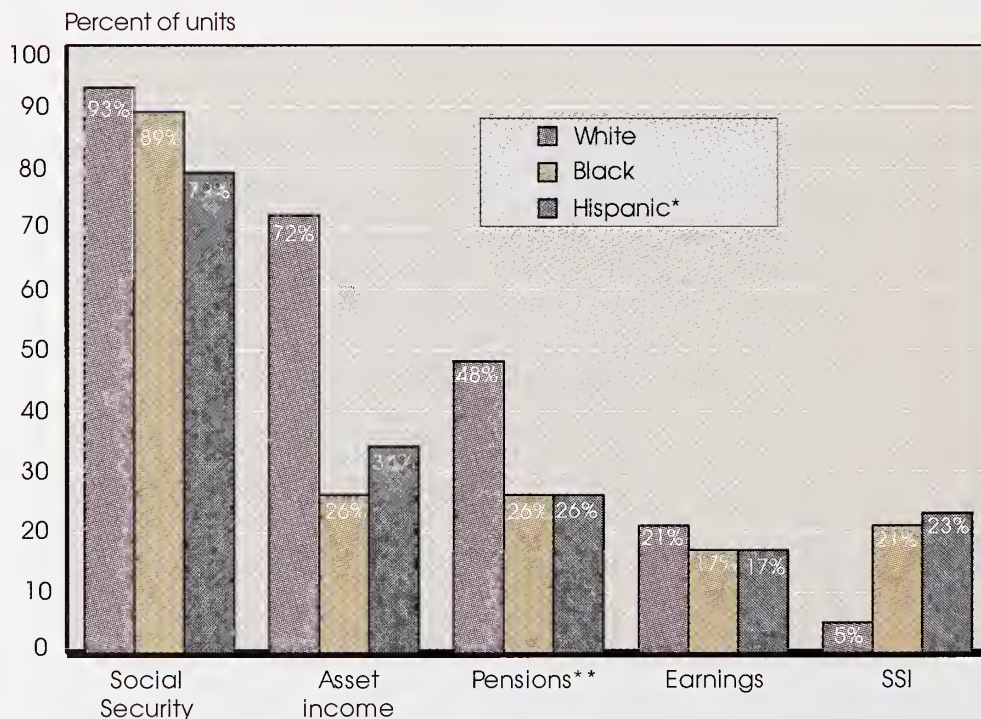
Age groups differ in their likelihood of receiving earnings and pensions

Earnings are much more common in the youngest age group than in the oldest group—37%, compared with 3%. Private pensions and other pensions are also more common among the younger groups than the older groups. For the youngest group, earnings are a more common source of income than are either private or other pensions. Among the older cohorts, private pensions are a more common source of income than are earnings or other pensions.



Receipt of income from major sources varies by race and Hispanic origin

Among the aged, whites and blacks are somewhat more likely than Hispanics to receive Social Security. Whites are much more likely than blacks or Hispanics to receive income from assets and from pensions. The groups are about equally likely to have earnings. Supplemental Security Income (SSI) is received much more often by the minority aged than by whites.

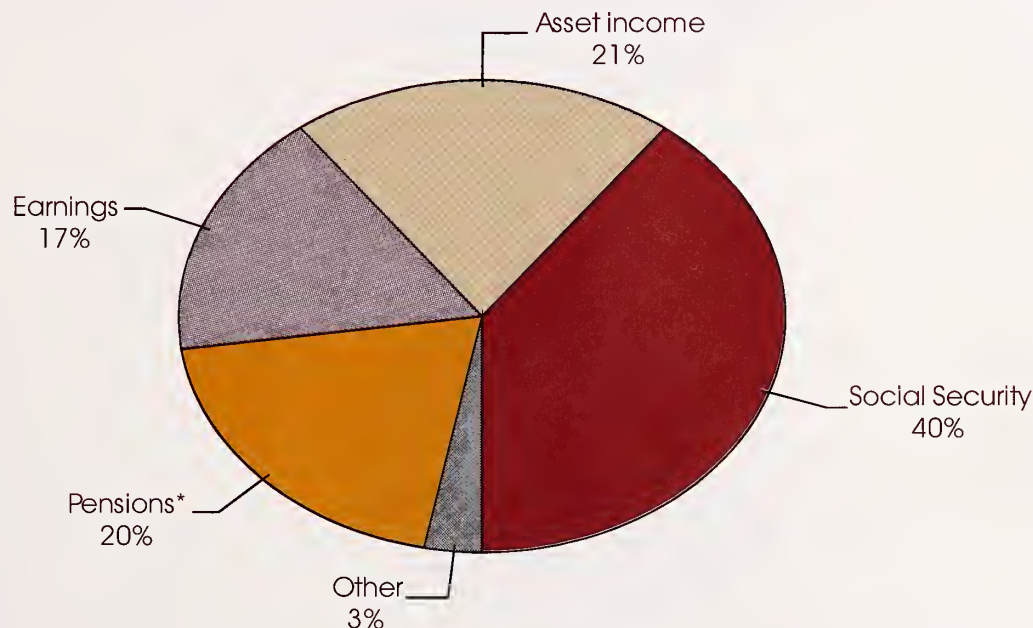


*Persons of Hispanic origin may be of any race.

**Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401 (k) payments.

Social Security and asset income provide the majority of income for the aged

Money income for the population 65 or older comes largely from four sources. Social Security provides the largest portion—40%. Asset income and pensions other than Social Security provide 21% and 20%, respectively. These three sources together account for about 80% of the aged units' total income. A slightly smaller share (17%) comes from earnings. Only 3% of the aged units' income comes from other sources.



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401 (k) payments.

The share supplied by each income source differs greatly by income

Aged units are ranked by total income and divided into five groups of equal size—called quintiles. In this chart, shares of income of the quintile with the lowest income are compared with those of the quintile with the highest. Social Security benefits provide 81% of the total income for those in the lowest income quintile, and public assistance provides the second largest share (11%). For those in the highest income quintile, asset income is the most important share (29%), and earnings are the next most important (27%). Social Security and pensions are 20% and 22%, respectively. The table details the shares in the intermediate income quintiles, as well as those in the lowest and highest quintiles.

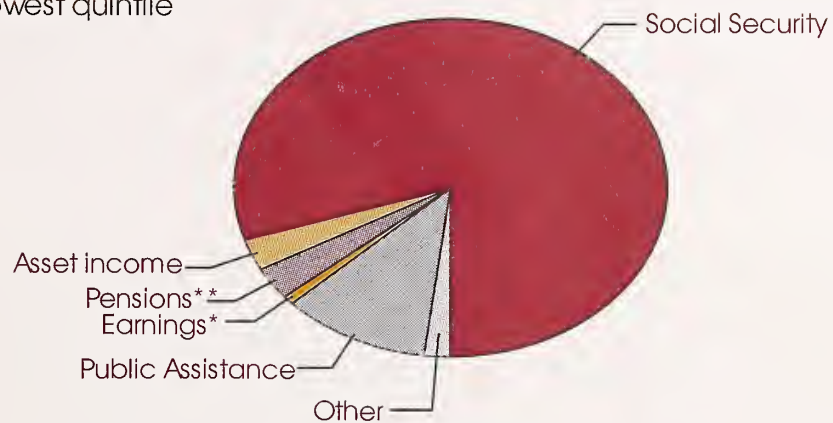
Shares of income by quintiles of total income

Source	Lowest	Second	Third	Fourth	Highest
Social Security	81	77	62	46	20
Pensions**	3	8	17	24	22
Asset income	3	6	12	16	29
Earnings	*	3	6	11	27
Public Assistance	11	3	1	*	*
Other income	2	3	3	3	2

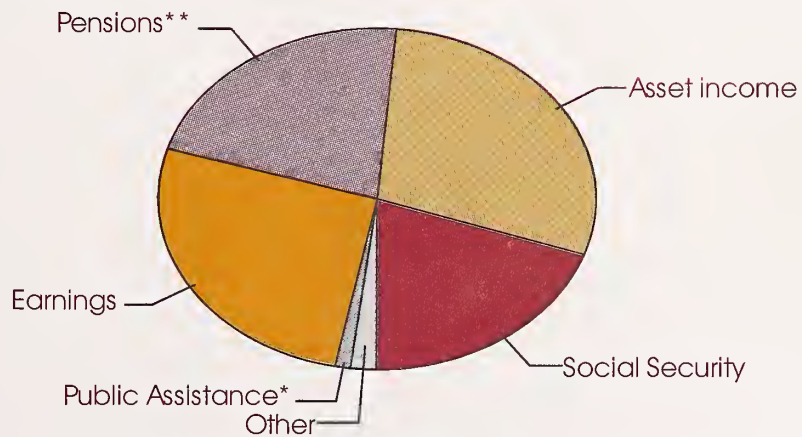
*Less than 0.5%.

**Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401 (k) payments.

Lowest quintile



Highest quintile



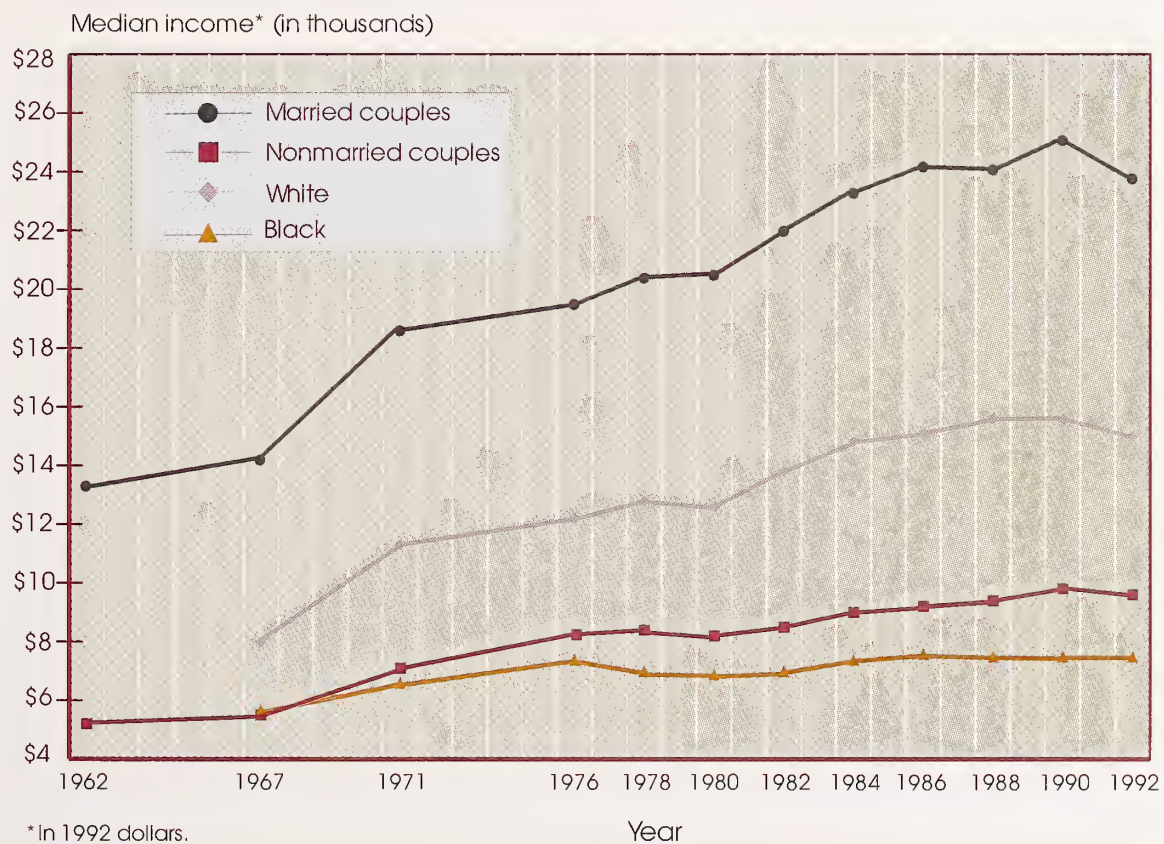
Median real income has risen substantially over the years

Between 1962 and 1992, the income of the aged increased by about 80%, even after adjusting for inflation, for both married couples and nonmarried persons. The table and chart show that between 1967 and 1992, the income of married couples increased by 68%, and the income for nonmarried persons increased by 74%. Since 1967, there were disproportionate increases by race. For whites, income increased by 88%; for blacks, it increased by 32%.

Median income in 1992 dollars, by marital status and race, selected years

Year	Marital status		Race	
	Married couples	Nonmarried persons	White	Black
1962	\$13,312	\$5,232	*	*
1967	14,169	5,486	\$7,990	\$5,646
1971	18,561	7,098	11,245	6,558
1976	19,455	8,285	12,181	7,373
1978	20,356	8,414	12,825	6,993
1980	20,466	8,139	12,634	6,913
1982	21,997	8,549	13,739	6,950
1984	23,293	9,034	14,800	7,386
1986	24,181	9,191	15,080	7,617
1988	24,081	9,402	15,556	7,475
1990	25,067	9,819	15,610	7,500
1992	23,817	9,554	15,024	7,463

* Not available.



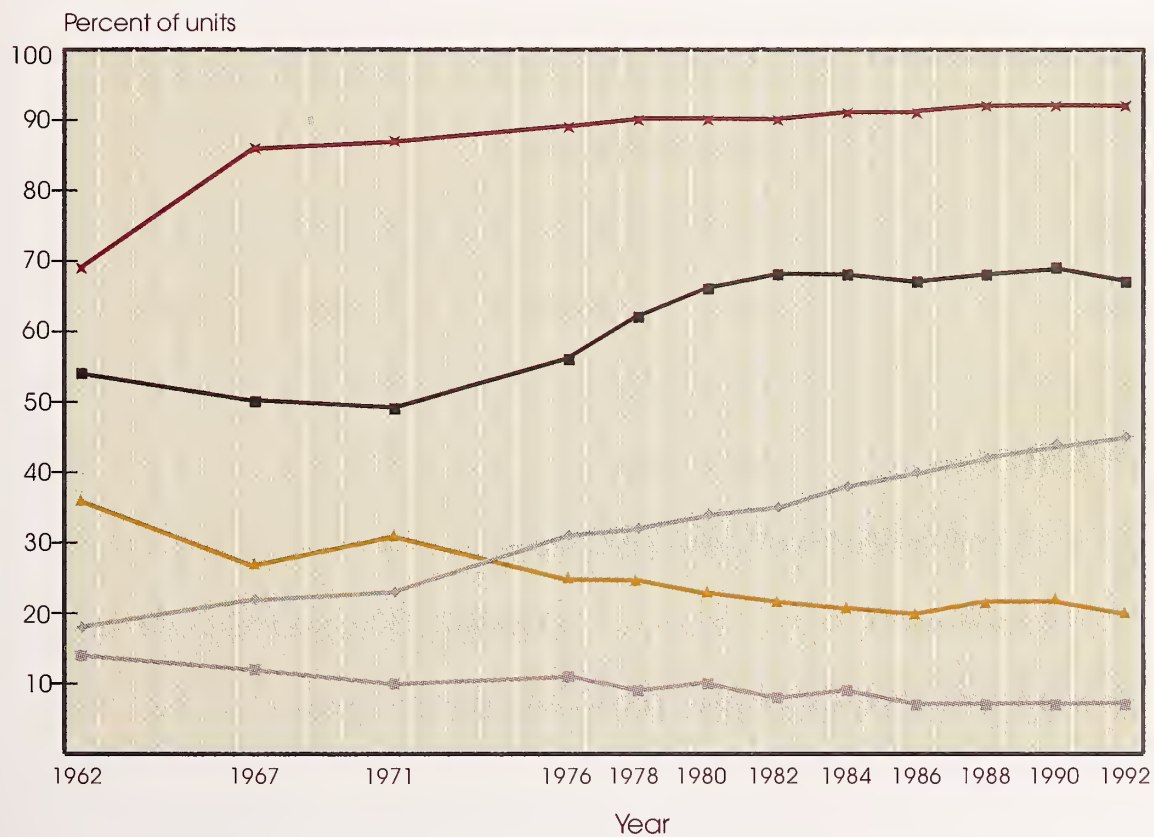
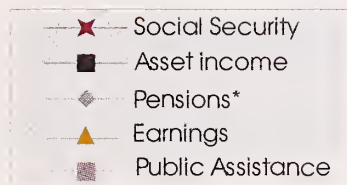
Receipt of Social Security has become nearly universal since 1962

In 1962, Social Security was received by 69% of the aged; in 1992, by 92%. As shown in the table and the chart, most of the increase occurred in the 1960's. Receipt of other pension income more than doubled since 1962, with a fairly steady increase over the entire period. The proportion of aged units with asset income grew from just over one-half to two-thirds in 1980, and has remained at approximately that level since then. The proportion with earnings declined from less than two-fifths to one-fifth and the proportion receiving public assistance also declined substantially to only half its 1962 level.

Sources of income, selected years

Year	Social Security	Assets income	Pensions*	Earnings	Public assistance
1962	69%	54%	18%	36%	14%
1967	86	50	22	27	12
1971	87	49	23	31	10
1976	89	56	31	25	11
1978	90	62	32	25	9
1980	90	66	34	23	10
1982	90	68	35	22	8
1984	91	68	38	21	9
1986	91	67	40	20	7
1988	92	68	42	22	7
1990	92	69	44	22	7
1992	92	67	45	20	7

*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401 (k) payments.



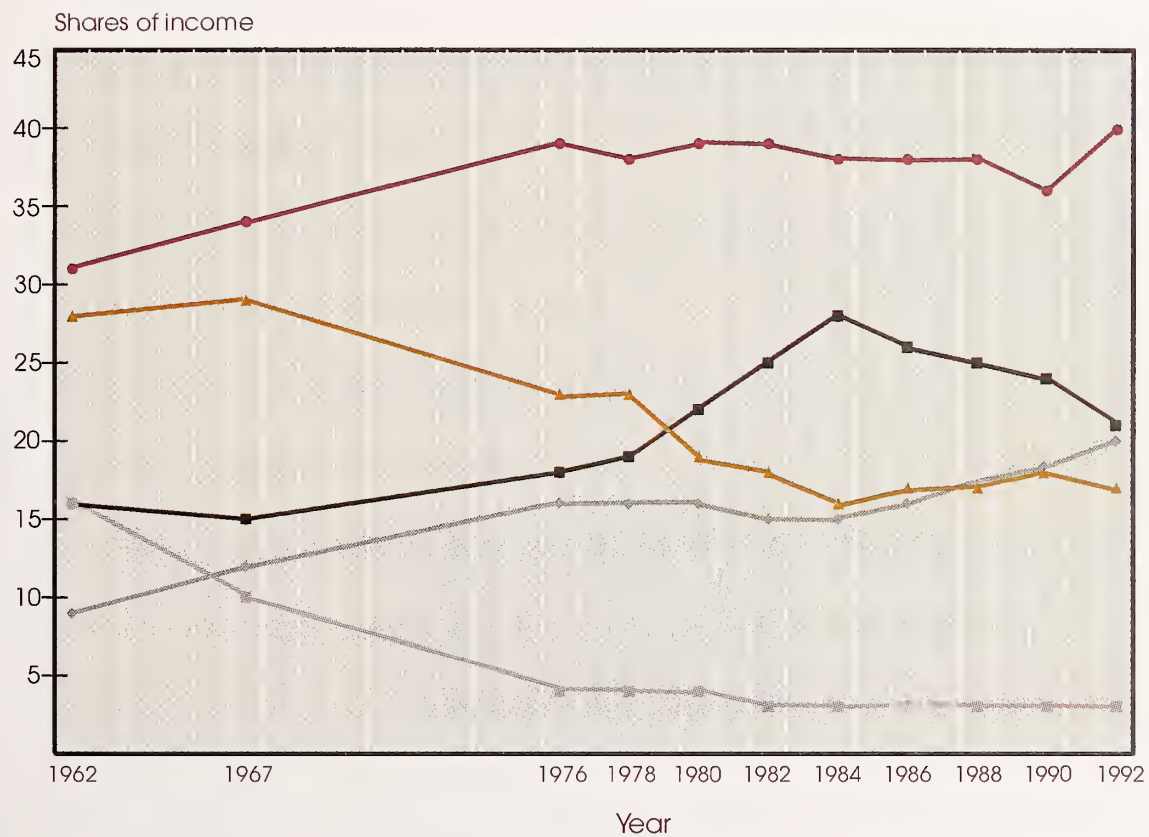
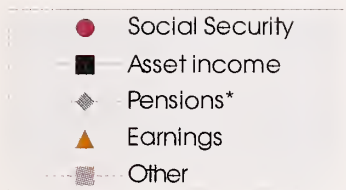
Social Security continues to provide the largest share of total income for the aged

The share of total income provided by Social Security increased by about one-fourth between 1962 and 1980 and has maintained this level with the exception of a slight decline in 1990. The share from asset income increased for about 20 years, but has been declining since the mid-80's. The share from other pensions has more than doubled and the share from earnings has declined by about two-fifths.

Shares of income from various sources, selected years

Year	Social Security	Assets income	Pensions*	Earnings	Other
1962	31%	16%	9%	28%	16%
1967	34	15	12	29	10
1976	39	18	16	23	4
1978	38	19	16	23	4
1980	39	22	16	19	4
1982	39	25	15	18	3
1984	38	28	15	16	3
1986	38	26	16	17	3
1988	38	25	17	17	3
1990	36	24	18	18	3
1992	40	21	20	17	3

*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA Keogh, and 401 (k) payments.



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